

Message Text

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PAGE 01 BANGKO 03060 110640Z

43

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 GSA-01 PA-01

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 8252

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E.O. 11652: N/A

TAGS: EMIN, TH

SUBJECT: THAI ZINC: RTG PLANS INQUIRY

REF: BANGKOK 2274

1. BANGKOK "POST" REPORTED FEB 10 THAT PRIMIN HAS ORDERED INQUIRY INTO DISPUTE BETWEEN THAI ZINC AND MINISTRY OF INDUSTRY OVER THAI ZINC'S REQUEST THAT MAE SOT MINING LEASE BE EXTENDED.

2. ARTICLE QUOTED MINISTRY OF INDUSTRY SOURCE AS SAYING THAI ZINC HAS FAILED TO ABIDE BY TERMS OF CONTRACT WHICH REQUIRE FIRM TO CONSTRUCT ZINC SMELTER WITHIN TWO YEARS OF SIGNING OF CONCESSION DOCUMENTS. OFFICIAL ALSO CITED FACT THAT FIRM, WHICH IS WHOLLY OWNED SUBSIDY OF NEW JERSEY ZINC CO., HAS EXPORTED LARGE AMOUNTS OF ZINC ORE DESPITE FACT THAT EXPORTS WERE AUTHORIZED ON BASIS OF PLEDGE SMELTER WILL BE CONSTRUCTED.

3. ACCORDING THAI ZINC EXECUTIVE (MARTIN SPONAUGLE) POST ARTICLE WAS WRITTEN IN RESPONSE FAR EASTERN ECONOMIC REVIEW REPORT THAT THAI ZINC IS SUSPENDING OPERATIONS. SPONAUGLE SAID "GIRL REPORTER WHO KNEW NOTHING ABOUT SITUATION" TALKED TO HIM ON TELEPHONE FOR ABOUT FIVE MINUTES, AND APPARENTLY LIMITED OFFICIAL USE

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PAGE 02 BANGKO 03060 110640Z

MISUNDERSTOOD MUCH OF WHAT HE SAID. HE SPECULATED THAT

REPORT OF "INQUIRY" INTO THAI ZINC AFFAIRS STEMS FROM FACT THAT OFFICIAL INPRIMIN'S OFFICE HAS BEEN APPOINTED TO MONITOR FIRM'S REQUEST FOR CABINET DECISION ON MINING LEASE EXTENSION.

4. IN THAT REGARD, WE NOTE WITH INTEREST STATEMENTS IN U.S. BUREAU OF MINES' DECEMBER 1975 "MINERALS AND MATERIALS" MONTHLY SUVEY THAT: 1) ESTIMATES ARE THAT GLOBAL ZINC CONSUMPTION IN 1975 PROBABLY WAS DOWN MORE THAN 1.2 MILLION TONS FROM 1974 LEVEL OF 3.9 MILLION TONS; 2) SOME NEW ZINC PROJECTS SCHEDULED FOR COMPLETION IN 1975 WERE DEFERRED BECAUSE OF WORLDWIDE BUSINESS RECESSION, AND 3) NEW JERSEY ZINC CO. RECINDED ITS TWO CENT PER POUND INCREASE ON SLAB ZINC AND ZINC PRODUCTS BECAUSE OF MARKET CONDITIONS. ALTHOUGH ADMITTEDLY CIRCUMSTANTIAL, FOREGOING SUGGESTS NEW JERSEY ZINC MAY HAVE MADE POLICY DECISION TO DEFER WORK ON TAK SMELTER AND TO SEEK INSTEAD TO PROLONG LIFE OF MINING CONCESSION ON SPECULATIVE BASIS. WHITEHOUSE

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